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U.S. BANKRUPTCY COURT  
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Proposed Counsel for Debtor  
and Debtor in Possession

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF HAWAII**

In re

HAWAIIAN AIRLINES, INC.,  
a Hawaii corporation,

Debtor.

Case No. 03- 00817  
(Chapter 11)

**MOTION PURSUANT TO SECTIONS  
105(a) AND 364 OF THE  
BANKRUPTCY CODE FOR ORDER**

**AUTHORIZING CONTINUED USE OF  
CASH MANAGEMENT SYSTEM,  
MAINTENANCE OF BANK ACCOUNTS  
AND USE OF EXISTING BUSINESS  
FORMS; Exhibits A-C; Proposed Order.**

Date: March 21, 2003

Time: *2:30 P.M.*

Judge: Hon. Robert J. Faris

Hawaiian Airlines, Inc., as a debtor and debtor in possession (the "Debtor") by and through its undersigned proposed co-counsel, files this Motion Pursuant to Sections 105(a) and 364 of the Bankruptcy Code for Order Authorizing Continued Use of Cash Management System, Maintenance of Bank Accounts and Business Forms (the "Motion") and, in support thereof, respectfully states as follows:

**I. JURISDICTION**

1. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (O). Venue of this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The relief requested is available pursuant to sections 105 and 364 of Chapter 11 of title 11 of the United States Code.

**II. BACKGROUND**

2. On March 21, 2003 (the "Petition Date"), the Debtor filed a petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy

Code”) in the United States Bankruptcy Court for the District of Hawaii (the “Bankruptcy Court”). Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtor is operating its businesses and managing its properties as a debtor in possession. No trustee, examiner or committee of creditors has been appointed in the Debtor’s chapter 11 case.

3. The Debtor was incorporated in January of 1929 under the laws of the Territory of Hawaii and is currently a subsidiary of Hawaiian Holdings, Inc. (“Hawaiian Holdings”),<sup>1</sup> a Delaware corporation whose common stock is traded on the American Stock Exchange and Pacific Exchange under the ticker symbol “HA.” As part of the regular Securities and Exchange Commission filings of Hawaiian Holdings, Hawaiian Holdings reports its financial and operating results with those of the Debtor on a consolidated basis.

### **The Debtor’s Business**

4. The Debtor is engaged primarily in the scheduled transportation of passengers, cargo and mail. The Debtor’s passenger airline business is its chief source of revenue. Principally all of the Debtor’s flights either originate or end in the state of Hawaii. The Debtor provides passenger and cargo service from Hawaii, predominately Honolulu, to the cities of Los Angeles, Ontario, Sacramento, San Diego and San Francisco, California; Seattle, Washington;

Portland, Oregon; Phoenix, Arizona; and Las Vegas, Nevada (the “Transpacific Routes”). The Debtor also provides non-stop service between and among the six major islands of the state of Hawaii (the “Interisland Routes”) and weekly service to each of Pago Pago, American Samoa and Pepeeete, Tahiti in the South Pacific (the “South Pacific Routes”). Charter service is provided from Honolulu to Anchorage, Alaska (the “Charter Routes”). Based upon the Debtor’s operating revenues, the Debtor is the largest airline headquartered in Hawaii.

5. Based on its unaudited results, the Debtor had a net loss of approximately \$58 million for the twelve months ended December 31, 2002 (“Year 2002”) on operating revenue of approximately \$632 million for the same period. In comparison, for the twelve months ended December 31, 2001 (“Year 2001”), the Debtor reported net income of approximately \$5 million on operating revenue of approximately \$612 million for the same period. The Debtor’s assets and liabilities, as of December 31, 2002, were approximately \$256 million and \$399 million, respectively. The Debtor’s reported assets and liabilities, as of December 31, 2001, were approximately \$305 million and \$327 million, respectively.

6. The Debtor is party to a network of agreements among airlines. Because of the interdependent nature of airline operations, coordination among airlines, provision of airline services, and efficient service by the airline industry to

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<sup>1</sup> Hawaiian Holdings holds 49.1% of the outstanding common stock of the Debtor directly. The remaining 50.9% of

the traveling public, in general, would be virtually impossible without such agreements. Among other things, these agreements facilitate cooperation among airlines with respect to such critical activities as making reservations and transferring passengers, packages, baggage and mail among airlines.

### **The Debtor's Fleet**

7. Beginning in the fourth quarter of 1999, the Debtor initiated a plan to replace its entire fleet of McDonnell Douglas DC-9 aircraft used to service its Interisland Routes. This effort was completed in the first quarter of 2002, with the Debtor taking delivery of thirteen Boeing 717-200 aircraft (the "717 Aircraft").

8. Similarly, in the fourth quarter of 2001, the Debtor initiated a plan to replace, by June 2003, its entire fleet of McDonnell Douglas DC-10 aircraft (the "DC-10 Aircraft") used to service the Transpacific Routes, South Pacific Routes and Charter Routes (the "Overseas Routes") with sixteen Boeing 767-300ER aircraft (the "767 Aircraft"). To date, the Debtor has taken delivery of ten new and four used Boeing 767-300ER aircraft and has returned eleven DC-10 Aircraft leased from Continental Airlines, Inc. and a subsidiary of American Airlines, Inc ("American"). The Overseas Routes are currently serviced by fourteen Boeing 767-300ER aircraft.

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the outstanding common stock of the Debtor is held by AIP, Inc. ("AIP"), a wholly-owned subsidiary of Hawaiian Holdings.

9. All of the Debtor's aircraft are leased from various lessors under either financing or operating leases. Three of the Debtor's 767 Aircraft are leased under fifteen-year operating leases with a subsidiary of Ansett Worldwide Aviation Services, Inc. ("Ansett") and were delivered to the Debtor in the fourth quarter of 2001. Four 767 Aircraft were delivered in 2002 under seven-year operating leases with International Lease Finance Corporation. Seven of the Debtor's 767 Aircraft are leased under eighteen-year operating leases from Ansett and a subsidiary of Boeing Capital Corporation ("Boeing"). Each of the 717 Aircraft is leased under an eighteen-year leveraged financing lease with Boeing. The Debtor's four remaining DC-10 Aircraft are leased under operating leases with American and B.C.I. Leasing.

### **Employees**

10. The Debtor has approximately 3,200 active employees, approximately 2,600 of which are employed on a full time basis. The majority of the Debtor's employees are covered by labor agreements with the International Association of Machinists and Aerospace Workers (AFL-CIO) ("IAM"); the Airline Pilots Association, International ("ALPA"); the Association of Flight Attendants ("AFA"); the Transport Workers Union ("TWU"); or the Employees of the Communications Section ("Communications Section"). Each of these labor agreements, other than the contract with the seven-member Communications

Section, was renegotiated in 2000 or 2001, and will be subject to renegotiation again in 2004 or 2005.

### **Previous Restructurings**

11. On September 21, 1993, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court (the “1993 Bankruptcy”).<sup>2</sup> Following confirmation of the Debtor’s plan of reorganization in the 1993 Bankruptcy on August 30, 1994, the Debtor successfully emerged from the 1993 Bankruptcy. Thereafter, on August 29, 2002, the Debtor was restructured from a public company into a wholly-owned subsidiary of Hawaiian Holdings and AIP (the “Restructuring”). As part of the Restructuring, the stockholders of the Debtor became stockholders of Hawaiian Holdings and Hawaiian Holdings assumed sponsorship of the Debtor’s existing stock agreements. Prior to the Restructuring, the common stock of the Debtor was publicly traded on the American Stock Exchange and Pacific Exchange under Hawaiian Holdings’ ticker symbol of “HA.”

### **The Debtor’s Current Financial Crisis**

12. The Debtor’s current financial crisis was precipitated by a confluence of factors relating, in large part, to the depressed economic conditions of both the United States and Japan. These factors include: (a) decreased fare revenue, (b)

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<sup>2</sup> United States Bankruptcy Court, District of Hawaii, Case No. 93-01074.

high aircraft lease costs, (c) high labor costs and (d) increased insurance, security and fuel costs. Although the terrorist attacks of September 11, 2001 are one of the most obvious and publicized reasons for the Debtor's current financial crisis, it is the significant, though related, decline in the economies of the United States and Japan that has most contributed to the necessity of the Debtor's chapter 11 filing.

13. Following the events of September 11, 2001, the Debtor has seen a marked and dramatic reduction in the demand for travel to and within the islands of Hawaii. This reduced demand has been exacerbated by the flagging economies of the United States and Japan since that time. The demand for vacation travel, which historically has been the Debtor's greatest source of income, has been most affected by the economic decline. In order to attract passengers, airlines, including the Debtor, have been forced to lower their fares. The introduction of "low cost carriers," such as Jet Blue, has led to a further reduction in fare structure, as national airlines have been forced to reduce ticket prices to remain competitive. The combination of fewer ticket sales made at reduced fares continues to impact the Debtor's revenue and earnings negatively.

14. Beginning in late 1999, as discussed above, the Debtor began a refueling process under which its aging fleet of McDonnell Douglas DC-9 aircraft and DC-10 Aircraft would be completely replaced by the end of 2003. By July of 2001, the Debtor had entered into the last of its agreements with lessors that would



provide the aircraft for this refueling. Although the terms of these agreements were considered to be fair and at market rates when agreed to, the subsequent and unforeseen decline in economic conditions in the United States and abroad have caused the terms of such leases to be highly unfavorable. Because its aircraft lease costs are grounded in economic assumptions that have failed to materialize, the Debtor has been forced to shoulder the crippling costs of over-market leases. For the Year 2002, expenses associated with the Debtor's aircraft leases made up 12% of its total operating expenses.

15. Similarly, because the Debtor's union agreements were renegotiated in 2000 and 2001, the Debtor's labor costs have not been in line with current economic conditions. Based upon market assumptions made in 2000 and pre-September 11, 2001, the Debtor's labor costs have exceeded what the Debtor could realistically maintain based upon its revenues. This relative increase in labor costs, as compared to revenue, has negatively impacted the Debtor's ability to remain a viable enterprise. For the Year 2002, the Debtor's labor costs made up 30% of its total operating expenses.

16. As a direct result of the events of September 11, 2001 and the long-standing international crises in the Middle East, the Debtor has seen increases in several of its cost centers. For instance, insurance rates associated with airline operations have increased substantially as compared to pre-September 11, 2001

rates. Because of increased airline security requirements, the Debtor also has been faced with increased security expenditures. Moreover, fuel costs, which made up approximately 14% of the Debtor's operating expenses for Year 2002, also have steadily increased during this period. These increased costs, in the face of declining revenues, have further weakened the Debtor's ability to succeed as a going-concern.

### **Prepetition Activities**

17. The two largest controllable components of the Debtor's cost structure are labor and aircraft costs. These are, therefore, the two areas upon which the Debtor had focused prior to the Petition Date in trying to accomplish a successful out-of-court financial and operational restructuring. To that end, the Debtor has, particularly within the past year, been actively negotiating with both its aircraft lessors and labor unions to reduce its aircraft and labor costs, respectively. These negotiations have continued up until the Debtor's bankruptcy filing. On February 20, 2003, the Debtor's employees represented by IAM agreed to \$3.8 million in concessions. On March 6, 2003, the Debtor's employees represented by ALPA reached an agreement with the Debtor with respect to approximately \$8 million in concessions. Similarly, on March 11, 2003, the Debtor's employees represented by AFA agreed to approximately \$3.5 million in concessions. Although the Debtor and its labor unions have made great progress in these negotiations, it now

appears that the only practicable way for the Debtor to reorganize is under the protection afforded to it under the Bankruptcy Code, as the Debtor has not been successful in its attempts to negotiate significant concessions from its aircraft lessors.

### **III. CASH MANAGEMENT SYSTEM**

18. The Debtor has utilized a cash management system similar to its existing system for at least the last ten years. The principal components of the Debtor's current cash management system (the "Cash Management System") are as follows:

a. Concentration and Sweep Accounts

The Cash Management System is designed around a concentration account (the "Concentration Account") and a sweep account (the "Sweep Account"). Most of the Debtor's funds are swept nightly from its zero balance disbursement accounts and deposit accounts to the Concentration Account. Most of the Debtor's daily business expenses are funded from the Concentration Account. Excess funds are swept out of the Concentration Account to the Sweep Account for overnight or other short-term investment.

b. Disbursement Accounts

The Debtor maintains a number of special purpose disbursement accounts for funding certain disbursements (the "Disbursement Accounts"). Most of the Disbursement Accounts are zero balance accounts that are funded out of the Concentration Account only to pay checks drawn upon them.

c. Collection Account and Depository Accounts

In order to provide a local account into which the Debtor may deposit funds collected in the various cities in the mainland United States, Japan and the Pacific islands in which the Debtor operates, the Debtor has established depository accounts in each location that it operates (the “Depository Accounts”). The Depository Accounts are not intended to hold large amounts of cash, nor do they hold it for a long period of time. Funds are routinely transferred out of the Depository Accounts and into a central collection account at the Bank of Hawaii (the “Collection Account”). Funds in the Collection Account are automatically swept each night into the Concentration Account.

d. Imprest Accounts

In order to provide petty cash and small amounts of money for local operations, the Debtor maintains imprest accounts around the world (the “Imprest Accounts”). The Imprest Accounts maintain small balances usually not exceeding \$5,000 and allow local operations to pay minor expenses without requesting checks from the Debtor’s corporate headquarters.

e. Investment Accounts

Funds that are not required in the short-term to fund the Debtor’s operations are invested in various higher-yielding, yet safe investment accounts (the “Investment Accounts”). The Investment Accounts allow the Debtor to earn a slightly higher yield on its funds, while still providing it with limited liquidity and safety for its funds.<sup>3</sup>

f. Hedge Account

The Debtor, in the ordinary course of its business, has utilized heating oil forward contracts to manage market risks

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<sup>3</sup> The Debtor has a carefully considered investment strategy set-out and approved by the Board of Directors of the Debtor. The objectives of this strategy, in order of importance, are to: (i) maintain safety of principal, (ii) maximize after-tax returns, and (iii) preserve liquidity. A complete copy of the Investment Policy Guidelines is attached hereto as Exhibit C.

and hedge its financial exposure to fluctuations in its aircraft fuel costs. The Debtor deposits funds to support its obligations under such forward contracts in an account maintained at Morgan Stanley DW, Inc. The Debtor has limited access to the funds in this account while the forward contracts remain outstanding.

The flow of funds through the various accounts that make up the Debtor's Cash Management System is shown on Exhibit A, attached hereto. Specific account information for each of the accounts discussed above is provided on Exhibit B, attached hereto.

#### **IV. RELIEF REQUESTED**

19. The Office of the United States Trustee has established certain operating guidelines for debtors in possession in order to supervise the administration of chapter 11 cases. These guidelines require chapter 11 debtors to, among other things (a) close all existing bank accounts and open new debtor in possession bank accounts; (b) establish one debtor in possession bank account for all estate monies required for the payment of taxes including payroll taxes; (c) maintain a separate debtor in possession account for cash collateral; and (d) obtain checks for all debtor in possession accounts which bear the designation "Debtor in Possession," the bankruptcy case number and the type of accounts. The United States Trustee further requires that these debtor in possession accounts be maintained at certain pre-approved institutions. Finally, LBR 2015-2(a) requires

that bank accounts containing estate funds clearly indicate on their signature cards that the depositor is a debtor in possession.

20. By this Motion, the Debtor requests authorization to continue its pre-petition Cash Management System as shown on Exhibit A, attached hereto. The Debtor further seeks authorization to maintain and continue to utilize those bank accounts that it maintained prior to the Petition Date (the “Bank Accounts”) regardless of whether all of those accounts are at U.S. Trustee approved institutions and without modifying the signature cards pursuant to LBR 2015-2(a).<sup>4</sup> A complete list of the Bank Accounts is annexed hereto as Exhibit B.

21. By this Motion, the Debtor further requests that it be authorized to continue to use its correspondence and business forms, including, but not limited to, checks, customer contracts, letterhead, purchase orders, invoices and other business forms (collectively the “Business Forms”), substantially in the forms existing immediately prior to the Petition Date, without reference to its status as a debtor in possession.

**V. CONTINUED USE OF THE CASH MANAGEMENT SYSTEM,  
BANK ACCOUNTS AND BUSINESS FORMS IS IN THE BEST  
INTEREST OF THE DEBTOR AND ITS ESTATE**

22. The Debtor’s use of its Cash Management System, Bank Accounts and Business Forms constitutes an ordinary course business practice.

23. The Debtor believes that its transition to chapter 11 would be smoother and more orderly, with a minimum of harm to operations, if its Cash Management System and all of the corresponding Bank Accounts are continued following the commencement of this chapter 11 case in the same manner as before commencement; provided, however, that checks issued or dated prior to the Petition Date will not be honored, absent a prior order of the Court. By preserving business continuity and avoiding the disruption and delay to the Debtor's payroll activities and business that would necessarily result from closing the Bank Accounts and opening new accounts, all parties in interest, including employees, vendors and customers, would be best served. The benefit to the Debtor, its business operations and all parties in interest would be considerable, in view of the fact that the Debtor maintains modifying the Cash Management System and/or more than 40 bank accounts. The confusion that would otherwise result, absent the relief requested herein, would ill-serve the Debtor's rehabilitative efforts.

24. Moreover, parties doing business with the Debtor undoubtedly will be aware of the Debtor's status as a chapter 11 debtor in possession. Changing the Business Forms would be expensive and burdensome to the Debtor's estate and disruptive to the Debtor's business operations, and would provide little real benefit to the parties with whom the Debtor does business. For these reasons, the Debtor

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<sup>4</sup> Although, most of the Debtor's accounts are at institutions approved by the United States Trustee (principally the

requests that it be authorized to use the Business Forms without being required to place the label “debtor in possession” on each.

25. Bankruptcy Courts regularly recognize that the strict enforcement of bank account and business form requirements set forth in the United States Trustee operating guidelines does not necessarily serve the purposes of chapter 11. Bankruptcy courts in the Ninth Circuit have recognized the rationale behind, and have routinely granted authority for, a debtor’s continued use of its existing bank accounts and business forms. *See, e.g. In re Liberty House, Inc.*, Case No. 98-01039 (Bankr. D. Haw. March 20, 1998); *In re Washington Group International, Inc.*, Case No. BK-N-01-31627 (Bankr. Nev. May 15, 2001); *In re Pacific Gas and Electric Company*, Case No. 01-30923 DM (N.D. Cal. April 6, 2001).

26. The relief requested herein is also commonly granted in other jurisdictions. *See, e.g., In re Diamond Brands Operating Corp.*, Case No. 01-01825 (D. Del. May 23, 2001) (authorizing debtors to maintain pre-petition cash management system, bank accounts and business forms); *In re Highland Health Services, Inc.*, Case No. 01-35491 (Bankr. S.D. Tex. June 19, 2001); *In re Consolidated Equipment Companies, Inc.*, Case No. 01-36493 (Bankr. S.D. Tex. June 18, 2001); *In re ICG Communications, Inc.*, Case No. 00-04238 (D. Del. Nov. 16, 2000); *In re Stone & Webster, Inc.*, Case No. 00-02142 (D. Del. June 14,

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Bank of Hawaii), a few accounts, especially those outside of the United States, are not.



2000); *In re The Singer Company N.V.*, Case No. 99-10578 (Bankr. S.D.N.Y. Sept. 15, 1999); *In re ATC Group Services Inc.*, Case No. 99-10437 (Bankr. S.D.N.Y. July 29, 1999); *see also In re Gold Standard Baking, Inc.*, 179 B.R. 98, 105-06 (Bankr. N.D. Ill. 1995) (holding United States Trustee's requirement prohibiting issuance of checks without debtor in possession designation to be unenforceable).

27. In sum, continued use of the existing Cash Management System, waiver of the bank account closing requirements and the continued use of Business Forms would preserve business continuity and lessen the confusion among employees, vendors, and customers that ensues upon a chapter 11 filing. For the foregoing reasons, the Debtor believes that granting the relief requested herein is necessary, appropriate and in the best interests of the Debtor, its estate and creditors.

## **VI. NOTICE**


28. Notice of this Motion has been provided to: (i) the Office of the United States Trustee for District of Hawaii; (ii) parties appearing on the Debtor's list of creditors holding the twenty largest unsecured claims; (iii) the Securities and Exchange Commission; and (iv) the Internal Revenue Service. Given the circumstances, the Debtor submits that no other or further notice need be given.

## **VII. NO PRIOR REQUEST**

29. No prior motion for the relief requested herein has been made to this Court or any other Court.

WHEREFORE, the Debtor respectfully requests that the Court enter an Order granting the relief requested herein and such other and further relief as is just.

Dated: Honolulu, Hawaii, March 21, 2003

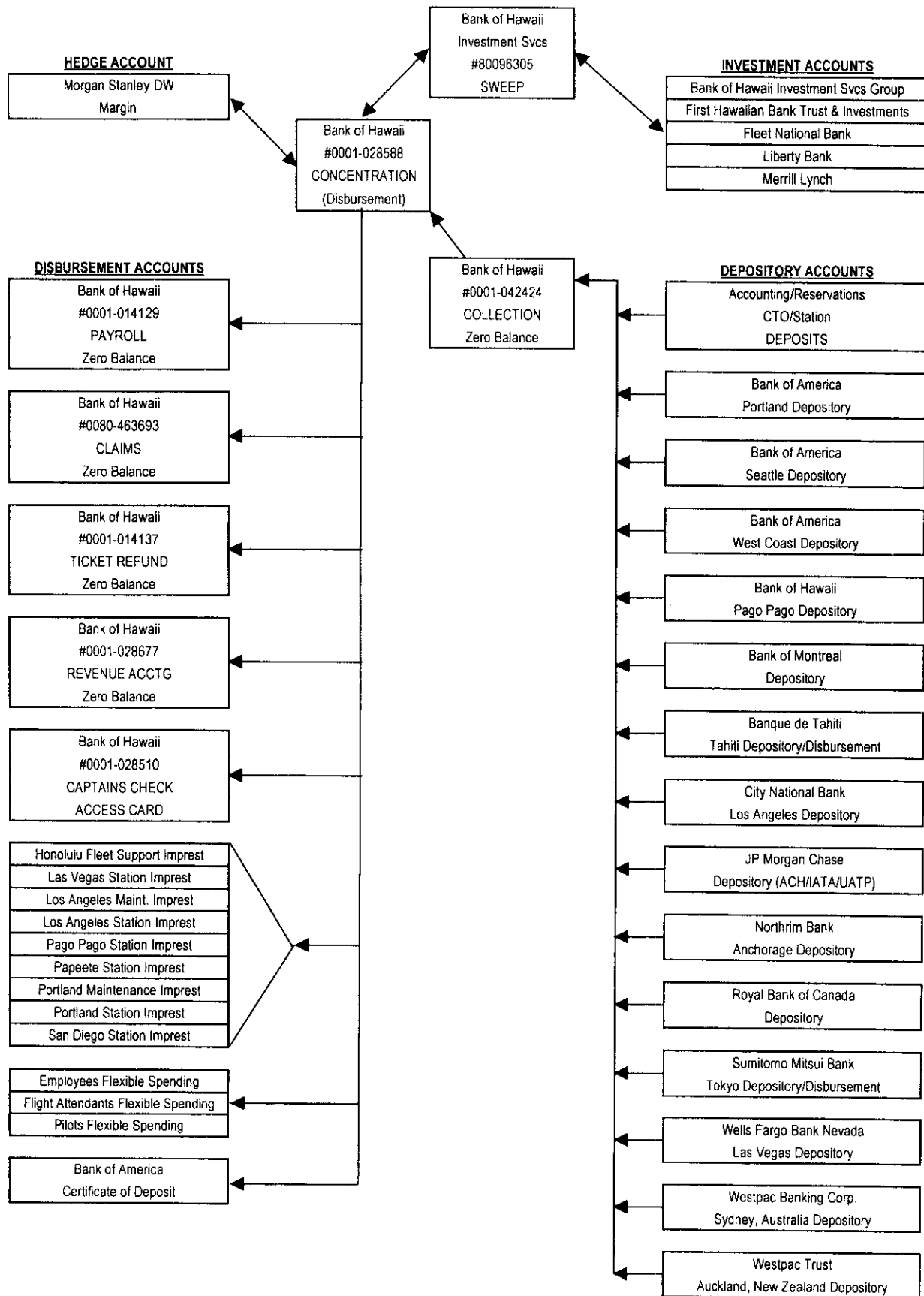
By:   
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CADES SCHUTTE LLC

and

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DAVID SIMONDS, ESQ.  
AKIN GUMP STRAUSS HAUER & FELD LLP

Proposed Counsel for Debtor and Debtor in Possession

# HAWAIIAN AIRLINES, INC.



**EXHIBIT A**

Financial Institution	Account Location	Acct #	Contact Address	Phone Number	Fax Number	Type of Account
BANK OF AMERICA	Concord CA	12331-55012	Lydie Ortega, 1850 Gateway Blvd, Concord CA 94520	(925) 675-7343	(925) 675-7331	Certificate of Deposit
BANK OF AMERICA	Los Angeles CA	1233-518114	Sherill Leonard, 1850 Gateway Blvd, Concord CA 94520	(925) 675-7172	(877) 209-7066	Imprest
BANK OF AMERICA	Portland OR	23804-05574	Diane Alvarez, 10120 NE Sandy Blvd, Portland OR 97220	(503) 257-3404	(503) 257-3409	Depository
BANK OF AMERICA	Portland OR	23809-05591	Diane Alvarez, 10120 NE Sandy Blvd, Portland OR 97220	(503) 257-3404	(503) 257-3409	Imprest
BANK OF AMERICA	Portland OR	23809-04485	Diane Alvarez, 10120 NE Sandy Blvd, Portland OR 97220	(503) 257-3404	(503) 257-3409	Imprest
BANK OF AMERICA	San Diego CA	0507-05783	Angelita Sammons, 1275 Rosecrans St, San Diego CA 92106-2680	(619) 221-6619	(619) 221-6622	Imprest
BANK OF AMERICA	San Francisco CA	1233-717949	Sherill Leonard, 1850 Gateway Blvd, Concord CA 94520	(925) 675-7172	(877) 209-7066	Depository
BANK OF AMERICA	Seattle WA	67-604405	Rosita Tandulard, PO Box 34414, Seattle WA 98124-1414	(206) 356-2915	(206) 258-7134	Depository
BANK OF AMERICA	Honolulu HI	0001-028537	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Benefit Disbursement
BANK OF AMERICA	Honolulu HI	0001-031147	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Benefit Disbursement
BANK OF AMERICA	Honolulu HI	0001-031155	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Benefit Disbursement
BANK OF AMERICA	Honolulu HI	0080-463683	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Claims Disbursement
BANK OF AMERICA	Honolulu HI	0001-042424	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Collection
BANK OF AMERICA	Honolulu HI	0001-028588	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Concentration
BANK OF AMERICA	Honolulu HI	0001-028510	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Debit Card Disbursement
BANK OF AMERICA	Honolulu HI	0080-732880	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Imprest
BANK OF AMERICA	Honolulu HI	0001-014128	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Payroll Disbursement
BANK OF AMERICA	Honolulu HI	0001-028677	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Revenue Acid Disbursement
BANK OF AMERICA	Honolulu HI	0001-014137	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Ticket Refund Disbursement
BANK OF AMERICA	Pago Pago AM Samoa	0034-036160	Brent Schwenke, PO Box 69, Pago Pago, American Samoa 96799	011-684-633-4226	011-684-633-2918	Depository
BANK OF AMERICA	Pago Pago AM Samoa	34-037078	Brent Schwenke, PO Box 69, Pago Pago, American Samoa 96799	011-684-633-4226	011-684-633-2918	Imprest
BANK OF AMERICA	Vancouver BC, Canada	1024-344	Debbie Cheung, 2106 W Broadway, Vancouver, BC, Canada	(604) 665-7177	(604) 665-6611	Depository
BANK OF AMERICA	Honolulu HI	80036305	Stan Long, 130 Merchant St, 7th Floor, Honolulu, HI 96813	(808) 538-4454	(808) 538-4891	Investment (Sweep)
BANK OF AMERICA	Papeete Tahiti	01-322052-010-00	Eric Emmanuel, PO Box 1602, Papeete Tahiti, French Polynesia	011-689-417-064	011-689-434688	Collection/Disbursement
BANK OF AMERICA	Papeete Tahiti	01-218901-010-00	Eric Emmanuel, PO Box 1602, Papeete Tahiti, French Polynesia	011-689-417-064	011-689-434688	Imprest
BANK OF AMERICA	Los Angeles CA	003-105229	Rita Huang, 6033 West Century Blvd, Los Angeles CA 90045	(310) 342-4523	(310) 342-4529	Depository
BANK OF AMERICA	Los Angeles CA	003-105237	Rita Huang, 6033 West Century Blvd, Los Angeles CA 90045	(310) 342-4523	(310) 342-4529	Imprest
BANK OF AMERICA	New York NY	910-1-200237	1 Chase Manhattan Plaza, New York, NY 10005	(212) 552-5718	(212) 383-0619	ACH/ATA Settlement
BANK OF AMERICA	Washington DC	642456-6428066	Alan Levine, 1775 I Street NW, Ste 200, Washington DC 20006	(202) 962-9122	(202) 962-9185	Hedge
BANK OF AMERICA	Anchorage AK	1363307613	James Bridgeman, 500 West 7th Ave, Anchorage AK 99524-1483	(907) 263-3227	(907) 263-3271	Depository
BANK OF AMERICA	Vancouver BC, Canada	139-777-7	Arnette Holloway, 1025 W Georgia St, Vancouver, BC, Canada	(604) 665-5186	(604) 665-0798	Depository
BANK OF AMERICA	Tokyo JAPAN	602-111	Yoshihiko Shimizu, 4-1, Marunouchi, 3-Chrome, Chiyoda-ku, Tokyo, Japan 100-0005	03-3216-0441	03-3214-6735	Collection/Disbursement
BANK OF AMERICA	Tokyo JAPAN	296-255	Yoshihiko Shimizu, 4-1, Marunouchi, 3-Chrome, Chiyoda-ku, Tokyo, Japan 100-0005	03-3216-0441	03-3214-6735	Disbursement
BANK OF AMERICA	Tokyo JAPAN	296-298	Yoshihiko Shimizu, 4-1, Marunouchi, 3-Chrome, Chiyoda-ku, Tokyo, Japan 100-0005	03-3216-0441	03-3214-6735	Disbursement
BANK OF AMERICA	Las Vegas NV	6631969227	Deonisia Jones, 770 E Warm Springs, Ste 160, Las Vegas NV 89119	(702) 407-9581	(702) 407-9605	Depository
BANK OF AMERICA	Las Vegas NV	663-1969235	Deonisia Jones, 770 E Warm Springs, Ste 160, Las Vegas NV 89119	(702) 407-9581	(702) 407-9605	Imprest
BANK OF AMERICA	Sydney Australia	470-479	Wales House 21004, GPO Box 1, Sydney NSW 200 Australia	612-92067080	612-92067309	Depository
BANK OF AMERICA	Auckland NZ	0899970-00	Tanya Asdown, PO Box 53, Auckland New Zealand	64-9-302-4334	64-9-302-4350	Depository

EXHIBIT B

# HAWAIIAN AIRLINES, INC. INVESTMENT ACCOUNTS

DESCRIPTION	ACCOUNT NAME	INSTITUTION
MONEY MARKET	HAWAIIAN AIRLINES, INC. CAPITAL OPERATING A/C Account No. 135128403	BANK OF HAWAII Investment Services Group P.O. Box 3170 Honolulu, Hawaii 96802-3170
MONEY MARKET	HAWAIIAN AIRLINES, INC. BSF MONEY MKT Account No. 71-3690-01-4	FIRST HAWAIIAN BANK Trust & Investments Division P.O. Box 3708 Honolulu, HI 96811-3708
MONEY MARKET	HAWAIIAN AIRLINES, INC. Merrill Lynch Premier Institutional Fund Account No. 0001-014129	MERRILL LYNCH Funds For Institutions P.O. Box 8118 Boston, MA 02266-8118
MONEY MARKET	HAWAIIAN AIRLINES, INC. Account No. 0009118270	FLEET NATIONAL BANK 100 Federal Street Boston, MA 02110
CERTIFICATE OF DEPOSIT	HAWAIIAN AIRLINES, INC. Account No. 13860353 Account No. 13860387 Account No. 13860411	LIBERTY BANK, SSB 900 Congress Avenue Austin, TX 78701

EXHIBIT C

**HAWAIIAN AIRLINES, INC.**  
**INVESTMENT POLICY GUIDELINES**  
**FOR CASH BALANCES**

Purpose

To specify the responsibility and authority for the short-term investment of cash at Hawaiian Airlines, Inc. (the "Company").

Responsibility

It is the responsibility of the Executive Vice President & Chief Financial Officer of the Company to: (a) monitor existing investment policy guidelines for suitability under changing corporate and market conditions and propose any needed changes in policy, (b) execute the investment policy and (c) maintain proper administrative controls.

Investment Objectives

In order of importance, the Company's investment objectives are to:

- maintain safety of principal
- maximize after-tax returns, and
- preserve liquidity

The invest process will be guided by strict credit standards and diversity among individual credits to maintain safety of principal. The after-tax returns will be maximized through interest rate anticipation reflected in the relative weighting of the maturity structure, market sector selection and efficient execution. Limitations on maturities and the use of marketable, negotiable instruments will preserve liquidity.

Liquidity

The maturity of the investment portfolio will be appropriately matched to the projected liquidity requirements of the Company.

Investment Accounts

The Company shall invest the cash balances in professionally managed institutional cash management accounts whose investment policy and objectives are consistent with or defined by the objectives of this policy.

Cash Management for Operating Accounts

The Company may maintain, as part of its operating bank accounts, cash concentration balances up to \$6,000,000 at appropriate commercial banks (i.e., Bank of Hawaii) as part of the sweeping and funding of the various operating bank accounts.

Investment Performance

Actual investment results will be tracked monthly and reported to the Board.

Internal Controls

Pursuant to the Resolution of the Company's Board of Directors adopted at its June 29, 1998 meeting, internal controls for the investment of operating funds will include:

"(9) That any two of the following, namely, the President, the CFO, the Treasurer, the Controller, or the Corporate Secretary of the Company, are authorized on behalf of the Company and in its name to establish and maintain one or more Investment Accounts with any bank or other financial institution for the purpose of purchasing, investing in, or otherwise dealing with all forms of securities; but such authorization shall not include the opening of margin accounts or the making of short sales; and are given authority to do and take any and all action necessary and appropriate in connection with the Investment Account, or considered desirable by any authorized officer to give written or oral instructions to any bank or other financial institution with respect to all transactions binding and obligating the Company for all transactions with the Investment Account, including but not limited to delivering securities to, and depositing funds with the Investment Account, ordering the transfer or delivery of securities; endorsing any securities in order to pass title; directing the sale or exercise of any rights with respect to any securities; signing for the Company all releases, powers of attorney and/or other documents in connection with any such Investment Account and appointing any other person or persons to do any and all things which any of these officers is empowered to do."

## **SHORT-TERM INVESTMENT GUIDELINES**

- Category A - Obligations of the United States Government and its Agencies and the Dominion of Canada and its Provinces, in unlimited amounts.
- Category B - U.S. dollar-denominated money market instruments issued by an United States office or branch, or Canadian dollar-denominated money market instruments issued by a Canadian office, including but not limited to: Certificates of Deposit, Time or Other Interest-bearing Deposits; Bankers' Acceptances; Commercial Paper; subject to the following limitations:
1. \$35.0 million in instruments issued by any one of the first 75 World Banks as compiled by the American Banker, provided that the bank is rated "P-1" by Moody's, or "A-1" by Standard & Poors or "F-1" by Fitch Investors Service.
  2. \$35.0 million in instruments issued by any one of the first 50 United States Banks as compiled by the American Banker, provided that the bank is rated "P-1" by Moody's, or "A-1" by Standard & Poors or "F-1" by Fitch Investors Service.
- Category C - Commercial Paper rated "P-1" by Moody's, or "A-1" by Standard & Poors, or "F-1" by Fitch Investors Service limited to \$25.0 million in any one corporation and further limited to instruments with a maturity of not more than 270 days.
- Category D - High-grade ("A" rated or higher) tax-exempt state and municipal obligations (or Notes of such political entities with "A" rating or higher).



IN THE UNITED STATES BANKRUPTCY COURT

DISTRICT OF HAWAII

In re	) <b>Case No. 03 - 00817</b>
	) (Chapter 11)
HAWAIIAN AIRLINES, INC.,	)
a Hawaii corporation,	) <b>ORDER PURSUANT TO SECTIONS</b>
	) <b>105(a) AND 364 OF THE</b>
Debtor.	) <b>BANKRUPTCY CODE AUTHORIZING</b>
	) <b>DEBTOR TO CONTINUE TO USE</b>
	) <b>CASH MANAGEMENT SYSTEM,</b>
	) <b>MAINTAIN EXISTING BANK</b>
	) <b>ACCOUNTS AND BUSINESS FORMS</b>
	)
	) Date: March 21, 2003
	) Time: 2:30 pm
	) Judge: Hon. Robert J. Faris
	)

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On March 21, 2003, the debtor and debtor in possession in the above-captioned case (the "Debtor") filed its Motion for Order Pursuant to Sections 105(a) and 364 of the Bankruptcy Code Authorizing Continued Use of Cash Management System, Maintenance of Bank Accounts and Use of Existing Business Forms (the "Motion"), requesting an order authorizing the Debtor to continue to use its existing system of transferring funds between its bank accounts (the "Cash Management System") and to maintain its existing bank accounts (the "Bank Accounts") and business forms (the "Business Forms"), all as more fully set forth in the Motion. Upon consideration of the Motion, the evidence presented before the Court and the argument of counsel, the Court finds that (i) it has

jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; (ii) consideration of the Motion and the relief requested therein is a core proceeding pursuant to 28 U.S.C. § 157(b); (iii) venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; (iv) due and proper notice of the Motion has been provided and no further or other notice need be provided except as provided herein; (v) the relief requested is in the best interest of the Debtor and its estate, creditors and other parties in interest; and (vi) the legal and factual bases set forth in the Motion and at the hearing on the Motion establish just cause for the relief granted herein.

**IT IS THEREFORE ORDERED, ADJUDGE AND DECREED AS  
FOLLOWS:**

1. The Motion is granted in its entirety.
2. The Debtor is authorized to: (i) maintain and continue to use its Cash Management System as detailed in Exhibit A to the Motion (ii) designate, maintain and continue to use any or all of its existing Bank Accounts, listed on Exhibit B to the Motion, in the names and with the account numbers existing immediately prior to the commencement of this chapter 11 case, (iii) deposit funds in and withdraw funds from such accounts by all usual means including, without limitation, checks, wire transfers, automated transfers and other debits and (iv) treat its pre-petition Bank Accounts for all purposes as debtor in possession accounts.

3. The banks with which the Debtor maintains Bank Accounts as of the commencement of this chapter 11 case, listed on Exhibit B to the Motion, are authorized to continue to maintain, service and administer such bank accounts; provided, however, that nothing contained herein shall authorize any such bank to honor any check issued or dated prior to the date of the commencement of the Debtor's chapter 11 case, except as otherwise provided by further order of this Court; provided further that any such bank may rely on the representations of the Debtor with respect to which any check drawn or issued by the Debtor prior to the Petition Date should be honored pursuant to an Order of this Court and that such bank shall have no liability to any party for relying on the representations of the Debtor as provided for herein.

4. The Debtor is authorized to use its existing check stock, and business form stock, rather than obtain new stock reflecting its status as a debtor in possession and listing the chapter 11 case number.

Dated: Honolulu, Hawaii, \_\_\_\_\_, 2003.

\_\_\_\_\_  
UNITED STATES BANKRUPTCY JUDGE

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In re Hawaiian Airlines, Inc., Chapter 11, Case No. 03-\_\_\_\_\_;  
ORDER PURSUANT TO SECTIONS 105(a) AND 364 OF THE BANKRUPTCY CODE  
AUTHORIZING DEBTOR TO CONTINUE TO USE CASH MANAGEMENT SYSTEM,  
MAINTAIN EXISTING BANK ACCOUNTS AND BUSINESS FORMS